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YEAR II – The winning tradition continues...

EVALUATION

Customer Name: _____

Account Number: _____

Customer Class of Trade: _____

1st Half/2nd Half 1991: _____

Financial — To be determined by RJR Credit Department

PROMOTION/DISTRIBUTION

Qualification

- Did customer satisfy qualification requirements?

  Circle: YES/NO

- List qualification areas not achieved. _____

_____

_____

_____

Performance

- Agreed Performance

  1st Qtr: _____

  2nd Qtr: _____

  3rd Qtr: _____

  4th Qtr: _____

- Participant Signature: _____ Title: _____
- Date: _____
- Performance Achieved (Check block if performance achieved)

1st Half	2nd Half
☐	☐

Payment per 12M case $ _____

R.J. REYNOLDS TOBACCO CO.

Signature: _____ Title: _____

Evaluation Date: _____

PARTICIPANT

Signature: _____ Title: _____

Evaluation Date: _____

Original - Customer Copy (White) *Division Copy (Yellow)* *Customer Copy (Pink)*

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RULES AND PROCEDURES

- Effective January 1, 1991, through December 31, 1991, all direct buying customers of R.J. Reynolds Tobacco Company may participate in the Winners - Partnership in Performance Program.
- All direct buying customers will be reviewed semi-annually (June and December 1991) for compliance with the Financial and Promotion/Distribution qualifications and performance requirements by an R.J. Reynolds Tobacco Company representative. The evaluation and cigarette purchase calculation will be for two periods (January 1, 1991 - June 30, 1991, and July 1, 1991 - December 31, 1991). Compliance will be measured and payments will be calculated by Paying Office for the Financial Performance Category, and by Ship-to Locations for the Promotion/Distribution Performance Category.
- Allowances will be paid under the Winners - Partnership in Performance Program to owners of record at the end of each program period (June 30, 1991, and December 31, 1991). Payment will be made by check as soon as practicable after June 30, 1991, and December 31, 1991. In instances of ownership changes of all or part of a business, R.J. Reynolds Tobacco Company will pay monies only to the owners of record at the end of each program period.
- All per-case allowances paid under the Winners - Partnership in Performance Program will be calculated based on your invoiced purchases of all R.J. Reynolds Tobacco Company and RJR-Macdonald cigarettes (per-thousand-cigarettes payment rate). Extended dating purchases will be included in case purchase calculation but excluded from the determination of average pay days. All invoiced purchases through Forsyth Tobacco Products will be excluded. The gratis portion of B1G1F or 100% gratis units are excluded from the program.
- Any qualification requirement in the Promotion/Distribution Category (ship-to location), that is not met during any six-month payment period, will eliminate the non-qualifying ship-to location from participation in the Promotion/Distribution Category for such payment period.
- If a Promotion/Distribution Performance requirement (ship-to location) is not achieved in any quarter during each six-month period, the ship-to location forfeits all per-case allowances available under the Winners - Partnership in Performance Program, Promotion/Distribution Category, for the six-month period. For a customer whose performance criteria includes application of carton/package coupons, any unauthorized use of the coupons will eliminate customer's participation (ship-to location) in the Promotion/Distribution Category.
- The current Electronic Funds Transfer (EFT) Program will remain as a separate program with separate requirements and benefits.
- The determination of a direct buying customer's Class of Trade will be based on customer's primary business activity. A direct buying customer may qualify under only one Class of Trade.
- The Winners - Partnership in Performance per-case payments, indicated under the Promotion/Distribution Performance Category, will be in lieu of any other payment for the required floor and package promotion displays.
- At the end of each Winners - Partnership in Performance Program period, allowances will be paid to customer after a pro rata portion of bad debts, collection expenses and credit administration costs have been deducted (Financial Category only).
- The Share-of-Market data used in the program will be MSA for the applicable trading area or retail customer's actual share-of-market when determining appropriate merchandising space.
- All issues regarding qualifications, performance category selection and achievement, Class of Trade, or any other matters related to the Winners - Partnership in Performance Program will be resolved by R.J. Reynolds Tobacco Company in its sole discretion. The decision of R.J. Reynolds Tobacco Company on such matters will be final.
- Any unauthorized deductions, or not making timely payments of all RJR invoices, will eliminate a customer's participation (paying office) in the Financial Category. No customer is permitted to deduct any part of its allowances or anticipated allowances off invoice under the Winners - Partnership in Performance Program.
- No direct buying customer is eligible to receive or earn any payment under Winners - Partnership in Performance Program if it or an affiliated company has past-due invoices from R.J. Reynolds Tobacco Company or Forsyth Tobacco Products at the end of a payment period (June 30, 1991, and December 31, 1991).
- R.J. Reynolds Tobacco Company reserves the right to retain allowances due under the Winners - Partnership in Performance Program as an offset for any outstanding invoices from R.J. Reynolds Tobacco Company or Forsyth Tobacco Products. R.J. Reynolds Tobacco Company also reserves the right to alter the Winners - Partnership in Performance Program terms, conditions and allowances, and/or discontinue the program at any time.

RJ Reynolds Tobacco Company

We Work For Smokers

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YEAR II – The winning tradition continues...

Winners PROGRAM SUMMARY

PARTNERSHIP IN PERFORMANCE

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THE WINNING TRADITION CONTINUES IN DIRECT CUSTOMER PROFITABILITY

- Easy to understand and administer.
- Flexible — you choose the level of participation that is best for you.
- Performance-based incentive program — you earn additional dollars based on your performance.
- Clear, concise payment structure — performance is evaluated twice a year: payments made by check in July 1991 and January 1992.

PROGRAM SCOPE

- To be a participant in the Winners Program, you must first satisfy six Promotion/Distribution qualifications and two Financial qualifications.
- Once the basic qualifications are satisfied, you must then meet certain performance requirements in only two Performance Categories — Promotion/Distribution and Financial — and not have any past-due invoices at the end of each payment period.
- The Winners Program provides payments on all your cigarette case purchases throughout the year.

QUALIFICATIONS — Ship-To Locations

Promotion/Distribution Category

Requirements

- PRODUCT ASSORTMENT — Maintain warehouse inventory of all RJR cigarette brand styles representing .25 market share and above.
  Vendors — Maintain a minimum inventory of nine RJR brand styles for sale.
  Military — Maintain an inventory of all authorized RJR brand styles.
- INVENTORY MANAGEMENT — Establish adequate procedures to maximize inventory turns of all RJR brand styles. Allow an RJR representative to take a physical inventory of all RJR brand styles in stock.
- PRODUCT PURCHASE — Permit local RJR representatives, as required, to pickup RJR product in a timely manner anytime during account's normal business day.
- PRODUCT QUALITY — Assist in maintaining product quality by:
  - Regular stock rotation.
  - Distributing products on a first-in/first-out basis.
  - Placing sales materials as requested.
- PRODUCT ANNOUNCEMENTS/PROMOTIONS — Assist in communicating the availability of new products and promotions to include:
  - Updating order-entry form to include new products.
  - Distributing sales flyers as requested.
  - Placing sales materials as requested.
- RETAIL PRESENCE — Provide RJR an opportunity for increased retail presence by:
  - Directing retailers' requests for merchandising fixtures and point-of-sale advertising to your RJR sales representative. (Required of direct customers selling to independent retail stores.)

  OR
  - Providing a percentage of space on carton and package fixtures at least equal to RJR's share-of-market. (Required of direct customers who own and operate retail outlets.)

QUALIFICATIONS — Paying Office

Financial Category

Requirements

- Make timely payment of all RJR invoices.
- Do not make unauthorized invoice deductions.

PERFORMANCE CATEGORIES

After you have satisfied the qualifications for the Winners Program, you may earn dollars by meeting performance requirements in two categories.

- FINANCIAL PERFORMANCE CATEGORY — Paying Office
  - Customers must maintain average pay days at 10 days or less, based on dollar amount of purchases for the evaluation period.
    (Case Payment — $2.00*)

    OR
  - Participate in RJR's Electronic Funds Transfer (EFT) Program at a minimum rate of 60%, based on dollar amount of purchases for the evaluation period.
    (Case Payment — $3.00*)
- PROMOTION/DISTRIBUTION PERFORMANCE CATEGORY — Ship-to Locations
  - Based on Class of Trade.
    (Case Payment — $2.00*)

EVALUATION

- Your RJR representative will determine if you satisfy the qualifications and performance requirements for the Promotion/Distribution Category.
- Your RJR credit representative will determine if you satisfy the qualifications and the performance requirements for the Financial Category.
- Performance evaluations will be completed in June and December 1991.

PAYMENT

- Payment will be based on the indicated payment rate of each performance category (Financial and Promotion/Distribution) times the total number of cases purchased during each six-month period (January - June and July - December).
- Payment will be made by check in July 1991 and January 1992.

FINANCIAL SUMMARY

	MAXIMUM PER CASE PAYMENT
• Financial Performance	$3.00*
• Promotion/Distribution Performance	$2.00*
GRAND TOTAL	$5.00

PLUS

- Electronic Funds Transfer (EFT) Allowances

FLEXIBILITY

- You choose the program that is best for you to maximize your profits on RJR products.
- WINNERS PROGRAM
  - ✓ Financial Performance Category
  - ✓ Promotion/Distribution Performance Category

Choices above indicate participation in both the Financial and Promotion/Distribution Categories of the Winners Program, representing the highest level of participation and maximum dollars earned.

* Per 1,250 shipping case.
All cases paid at 60% rate.

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YEAR II – The winning tradition continues...

EARNINGS POTENTIAL

Account Name: _____

PROMOTION/DISTRIBUTION

(Applies to Ship-To Locations)

Location	Qualifies	Performance	1990 Cases Purchased		Payment
_____	Yes	Yes	_____	x $2.00	$_____
_____	Yes	Yes	_____	x $2.00	$_____
_____	Yes	Yes	_____	x $2.00	$_____
_____	Yes	Yes	_____	x $2.00	$_____
_____	Yes	Yes	_____	x $2.00	$_____

TOTAL Promotion/Distribution Payment $ _____

FINANCIAL

(Applies to Paying Office)

- Qualifies Yes
- Performance Yes

Payment Options:

10 day – $2.00 x _____ cases = $_____

OR

60% EFT – $3.00 x _____ cases = $_____

TOTAL Financial Payment $ _____

1991 WINNERS EARNINGS POTENTIAL $ _____

PLUS ELECTRONIC FUNDS TRANSFER (EFT) ALLOWANCE

Total 1990 Cases Purchased _____ x $_____ * = $_____

x EFT Allowance of 0.5%

Approximate EFT Earnings Potential $ _____

TOTAL 1991 WINNERS + EFT EARNINGS POTENTIAL $ _____

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* Average 12M Case List Price

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PROMOTION/DISTRIBUTION PERFORMANCE CATEGORY

The following standards of performance are required:

- Accept all new RJR brand styles during the introductory period and have warehouse inventory available for sale to retail stores for six months from original purchase date.
- Accept four designated floor displays, one per quarter.
- Accept four designated package promotions, one per quarter. Displays must be placed in area where individual packages are available for retail consumer purchase.

AND

- You must perform one of the following as designated by your RJR representative:
  - Apply carton and/or package coupons as designated by your RJR representative.
  - Collect damaged and/or out-of-date RJR product from your stores/outlets when identified by an RJR representative and return to RJR through your distribution center/distributor.

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PCA

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PROMOTION/DISTRIBUTION PERFORMANCE CATEGORY

The following standards of performance are required:

- Accept all new RJR brand styles during the introductory period and have warehouse inventory available for sale to retail stores for six months from original purchase date.
- Accept eight designated package promotions, two per quarter. Displays must be placed in area where individual packages are available for retail consumer purchase.

AND

- You must perform one of the following as designated by your RJR representative:
  - Apply carton and/or package coupons as designated by your RJR representative.
  - Collect damaged and/or out-of-date RJR product from your stores/outlets when identified by an RJR representative and return to RJR through your distribution center/distributor.

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PCB

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YEAR II – The winning tradition continues...

PROMOTION/DISTRIBUTION PERFORMANCE CATEGORY

The following standards of performance are required:

- Accept all new RJR brand styles during the introductory period and have available for sale to retail stores for six months from original purchase date.

AND

- You must perform three of the following as designated by your RJR representative during each quarter of the six-month performance period:
  - Deliver premium items to retail accounts.
  - Gain retail distribution of designated RJR brand style(s).
  - Have procedures to deliver RJR requested pre-book orders.
  - Apply carton and/or package coupons.
  - Assemble promotional items in shipper/displays for RJR sales representative pickup.
  - Pick up damaged and/or out-of-date RJR product from retail accounts you service when identified by an RJR representative at the retail account.

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PGC

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PROMOTION/DISTRIBUTION PERFORMANCE CATEGORY

The following standards of performance are required:

- Place point-of-sale materials when requested. Ensure that all machines utilize appropriate RJR labels in good condition.
- Brands in the vending machines must be approved by local RJR representative and vendor must participate on annual RJR placement contract.
- Accept all pack promotions as requested by your RJR representative.
- Must report quarterly placements via Tru-Check.

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PCD

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EFT

ELECTRONIC FUNDS TRANSFER PROGRAM

- Makes payments electronically.
- Replaces paper checks.

EFT PAYMENT BENEFITS

- Offers win/win financial incentive plan for participating direct customers.
- Participation provides for an additional discount off invoice at time of purchase.
- Participation ensures timely arrival of payment, enhancing your ability to qualify for the Winners - Partnership in Performance Program.
- Active participation enhances your ability to qualify for the additional allowances in the Winners - Partnership in Performance Program.

PROGRAM OPTIONS

Choose to participate in one of two EFT options and begin to enhance your earnings immediately.

- RJRT Funds Transfer Option
  - RJRT will initiate the EFT transaction — saves time and money in generating and mailing a check.
  - Immediately receive an additional 0.5% and 1.4% discount off invoice for non-extended and 14-day extended dating orders, respectively.
  - Provides better control and enhances payment averages.
- Customer Funds Transfer Option
  - Customers initiate the EFT transaction through their financial institution.
  - Immediately receive an additional 0.35% and 1.1% discount off invoice for non-extended and 14-day extended dating orders, respectively.
  - Provides better control and enhances payment averages.

EFT DISCOUNT SUMMARY

	NON-EXTENDED DATING ORDERS		EXTENDED DATING ORDERS (14-DAY)	
	RJRT OPTION	CUSTOMER OPTION	RJRT OPTION	CUSTOMER OPTION
Total Standard Discount Allowance	3.25%	3.25%	3.25%	3.25%
Additional EFT Allowance	0.50%	0.35%	1.40%	1.10%
Total Discount	3.75%	3.60%	4.65%	4.35%

For a detailed description of these options, ask our sales representative for the EFT Brochure or call our customer services representative at 1-800-862-4338.

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WE WORK FOR SMOKERS

Our motto continues to affirm our belief that the smoker is foremost in our business.
To reach our smokers, we continue to depend on a strong distribution network for our products.

Year II of the Winners - Partnership in Performance Program continues to enhance your bottom-line profitability and our distribution. Together with our Electronic Funds Transfer (EFT) Program, the Winners Program completes a total portfolio of profit-building incentives...continuing a winning combination of value for you and for us.

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We Work For Smokers

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